

Second Regular Session 114th General Assembly (2006)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2005 Regular Session of the General Assembly.

SENATE ENROLLED ACT No. 55

AN ACT to amend the Indiana Code concerning pensions.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 36-8-8.5-1.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: **Sec. 1.5. This chapter expires for members of the 1925 fund, the 1937 fund, or the 1953 fund on the date the authority of the board of trustees of the public employees' retirement fund to distribute from the pension relief fund established under IC 5-10.3-11-1 to units of local government (described in IC 5-10.3-11-3) amounts determined under IC 5-10.3-11-4.7 expires.**

SECTION 2. IC 36-8-8.5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: **Sec. 2. Except as provided in section 1.5 of this chapter**, this chapter applies to a person who is a member of any of the following funds:

- (1) 1925 Police Pension Fund (IC 36-8-6) (referred to in this chapter as the 1925 fund).
- (2) 1937 Firefighters' Pension Fund (IC 36-8-7) (referred to in this chapter as the 1937 fund).
- (3) 1953 Police Pension Fund (Indianapolis) (IC 36-8-7.5) (referred to in this chapter as the 1953 fund).
- (4) 1977 Police Officers' and Firefighters' Pension and Disability Fund (IC 36-8-8) (referred to in this chapter as the 1977 fund).

SECTION 3. IC 36-8-8.5-14 IS AMENDED TO READ AS

SEA 55 — Concur+



C
o
p
y

FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 14. **(a) Subject to subsection (b),** a member who enters the DROP established by this chapter shall exit the DROP at the earliest of:

- (1) the member's DROP retirement date;
- (2) thirty-six (36) months after the member's DROP entry date; **or**
- (3) the mandatory retirement age applicable to the member, if any.

or

~~(4) December 31, 2007.~~

(b) A member of the 1925 fund, the 1937 fund, or the 1953 fund who enters the DROP established by this chapter must exit the DROP on the date the authority of the board of trustees of the public employees' retirement fund to distribute from the pension relief fund established under IC 5-10.3-11-1 to units of local government (described in IC 5-10.3-11-3) amounts determined under IC 5-10.3-11-4.7 expires.

SECTION 4. IC 36-8-10-12.2, AS ADDED BY P.L.97-2005, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]: Sec. 12.2. (a) This section applies to a county that adopts a deferred retirement option plan as part of its retirement plan under this chapter.

(b) As used in this section, "DROP" refers to a deferred retirement option plan established under this section.

(c) As used in this section, "DROP frozen benefit" refers to a monthly pension benefit calculated under the provisions of a retirement plan established under this chapter based on the employee beneficiary's:

- (1) salary; and
- (2) years of service;

on the date the employee beneficiary enters the DROP.

(d) As used in this section, "maximum years of service" refers to the maximum number of years of service included in the monthly pension benefit calculation under a department's retirement plan.

(e) An employee beneficiary who:

- (1) is not yet credited with the maximum number of years of service; and
- (2) is eligible to receive an unreduced benefit immediately upon termination of employment;

may elect to enter a DROP. The employee beneficiary's election is irrevocable.

(f) The employee beneficiary exits a DROP on the earliest of the following:

- (1) The date that the employee beneficiary is credited with the

C
o
p
y



maximum years of service under the retirement plan.

(2) The employee beneficiary's retirement date.

(3) The date any required benefit begins.

(g) The retirement benefit paid to the employee beneficiary who participated in a DROP consists of:

(1) the DROP frozen benefit; plus

(2) an additional amount, paid as the employee beneficiary elects under subsection (h), determined in STEP THREE of the following formula:

STEP ONE: Multiply:

(A) the DROP frozen benefit; by

(B) the number of months the employee beneficiary participated in the DROP.

STEP TWO: Multiply the product determined in STEP ONE by an interest rate that does not exceed three percent (3%) annually.

STEP THREE: Add the product determined under STEP ONE and the product determined under STEP TWO.

(h) The employee beneficiary shall elect, at the employee beneficiary's retirement, to receive the additional amount calculated under subsection (g)(2) in one (1) of the following ways:

(1) A lump sum.

(2) An actuarially equivalent increase in the monthly pension benefit payable to the employee beneficiary.

(3) A combination of (1) and (2).

(i) The cost of living payment determined under section 23 of this chapter does not apply to the additional amount calculated under subsection (g)(2). No cost of living payment is applied to a DROP frozen benefit while the employee beneficiary is participating in a DROP.

(j) If an employee beneficiary becomes disabled:

(1) in the line of duty; or

(2) other than in the line of duty;

benefits for the employee beneficiary are calculated as if the employee beneficiary had never entered the DROP.

(k) **Except as provided in subsection (m)**, if, before the employee beneficiary's monthly pension benefit begins, an employee beneficiary dies, in the line of duty or other than in the line of duty, death benefits are payable as follows:

(1) The benefit under subsection (g)(2) is paid in a lump sum to the employee beneficiary's surviving spouse. If there is no surviving spouse, the lump sum must be divided equally among the employee beneficiary's surviving children. If there are no

C
o
p
y



surviving children, the lump sum is paid to the employee beneficiary's parents. If there are no surviving parents, the lump sum is paid to the employee beneficiary's estate.

(2) A benefit is paid on the DROP frozen benefit under the terms of the county's retirement plan.

(l) A DROP under this section must be designed to be actuarially cost neutral to the county's retirement plan.

(m) This subsection applies if:

(1) an employee beneficiary dies in the line of duty before payment of the employee beneficiary's monthly pension benefit begins; and

(2) the calculation of a death benefit under the provisions of the county's retirement plan depends upon whether an employee beneficiary dies in the line of duty or other than in the line of duty.

Death benefits for an employee beneficiary who dies in the line of duty are calculated under the provisions of the county's retirement plan as if the employee beneficiary had never entered the DROP and shall be adjusted as necessary to ensure compliance with subsection (l).

SECTION 5. IC 36-8-8.5-1 IS REPEALED [EFFECTIVE JULY 1, 2006].

SECTION 6. [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)] IC 36-8-10-12.2, as amended by this act, applies to an employee beneficiary of a county retirement plan established under IC 36-8-10-12 who dies in the line of duty after December 31, 2005.

SECTION 7. An emergency is declared for this act.

**C
o
p
y**



President of the Senate

President Pro Tempore

Speaker of the House of Representatives

Governor of the State of Indiana

Date: _____ Time: _____

**C
o
p
y**

SEA 55 — Concur+

